Nova Scotia
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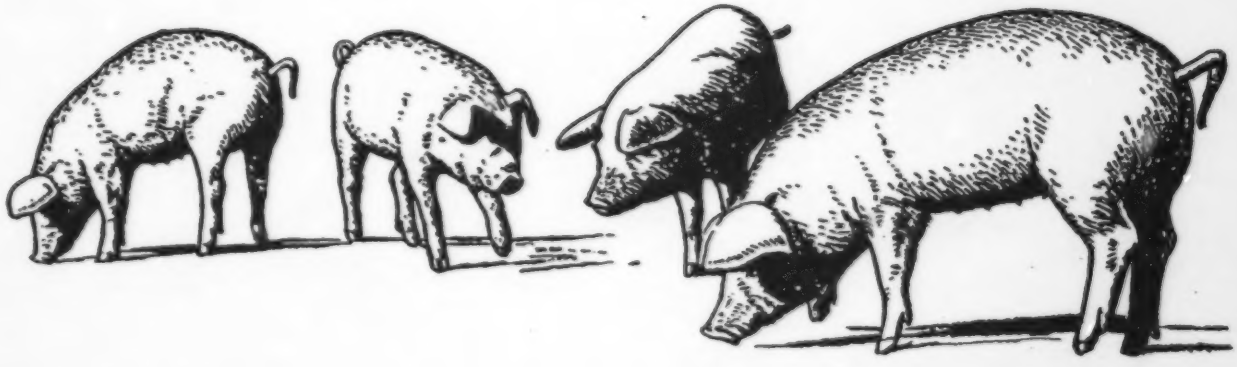
Swine Farm Business Summary

1990



FINISHING

92-05495/

PREFACE

The 1990 Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is a synopsis of the business performance of a group of Nova Scotia swine finishing farms. All the farms are located in the Annapolis Valley.

The farms used in this summary were not selected on a random sample basis. Instead, farmers volunteered their data for use in the summary. Therefore, care should be exercised in the use and interpretation of the results shown in the various tables of the summary.

Despite this limitation, farmers can compare their individual results with group average figures for farms with similar characteristics. Such comparison can provide the farm manager with useful information that can be used in making management decisions. However, the best information obtained is the farmer's own records and a comparison of these from one year to the next.

We gratefully acknowledge the co-operation of the swine producers who participated in this summary.

Thanks are also extended to Jim Houghton and Ronda Bellefontaine who assisted in gathering the data, and to Cheryl Theriau who provided the secretarial work.

Every effort has been made to ensure the accuracy of this report; however, the authors accept full responsibility for any errors or omissions which may inadvertently appear in the final version.

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TABLE OF CONTENTS

PAGE

INTRODUCTION 1

REVENUE 2

EXPENSES 3

INCOME SUMMARY 4

AVERAGE COST OF PORK PRODUCTION 5

COST ANALYSIS 6

PRODUCTION ANALYSIS 7

PRODUCTION ANALYSIS 8

SUMMARY 10

INTRODUCTION

The Nova Scotia Swine Farm Business Summary for the Finishing Enterprise is designed to provide bench-mark information which can be used to compare the financial strengths and weaknesses of individual swine farms with similar characteristics. Farm business analysis is an important function of the farm manager-operator. When analyzing the farm business, you should ask meaningful questions in regard to the costs, incomes, efficiencies, and capital investment found in your business. This summary is designed to assist you with those questions and to provide you with basic information for comparison purposes. By identifying the strengths of your business and building on these, you should be able to enhance the profit picture of your farm business. The profit picture can also be improved by identifying the weak areas and by taking corrective action.

Standards of performance and business progress are matters of personal choice and family goal setting. Each farm situation will have a different set of goals or objectives - a different set of values that you feel must be met through the farm business. You should identify these goals and objectives, and then compare your performance in order to determine whether you are achieving them.

There are several ways that you can compare and analyze your farm performance. These include:

- You can compare your performance this year to that of last year. This is perhaps the best type of comparison. Have you progressed in reaching the goals you have set for your farm business?

- You can compare your performance with group average data for farms of similar size and general characteristics. This report should be useful in this regard.

- You can compare your performance to that obtained by research - realizing that the research data was obtained under a special set of conditions.

REVENUE

Revenue from the sale of hogs accounted for 89.2 percent of total farm revenue for this group. Market hog sales amounted to 98.7 percent, and other hogs 1.3 percent of this amount.

Total tripartite and Provincial Cap Revenue amounted to $10.39 on a per hog sold basis, with income of $136.56 per hog sold from the marketplace. Tripartite revenue includes a payment for the fourth quarter of 1990 that was received in 1991.

Total farm revenue averaged $472,584. on a per farm basis, or $153.18 on a per hog sold basis.

REVENUE

ITEM	PER FARM	PER HOG SOLD
Market Hogs	$ 415,785.	$ 134.77
Other Hogs	5,543.	1.80
TOTAL HOG REVENUE	$ 421,328.	$ 136.56
Tripartite, Capital Assistance	$ 32,045.	$ 10.39
Subsidies	9,545.	3.09
Other Income	9,667.	3.13
TOTAL FARM REVENUE	$ 472,584.	$ 153.18

EXPENSES

Purchased feed was the largest single expense item and accounted for 45.8 percent of cash expenses. In dollar terms, feed was $62.90 on a per hog basis, or $194,066. on a per farm basis.

Other major expenses (on a per sow basis) were: weanling purchases at 38.6 percent, marketing costs and tripartite premiums at 3.3 percent, and machinery & equipment expense at 2.2 percent of total cash expenses.

EXPENSES

ITEM	PER FARM	PER HOG
Feed Purchased	$ 194,066.	$ 62.90
Swine Purchased	163,657.	53.05
Hired Labour	8,077.	2.62
Bedding	0.	.00
Vet & Drugs	1,465.	.47
Hog Supplies	1,841.	.60
Marketing Costs, Tripartite Premiums	13,816.	4.48
Utilities	4,061.	1.32
Taxes	1,563.	.51
Insurance	3,265.	1.06
Building Repairs	4,210.	1.36
Machinery & Equipment Expense	9,532.	3.09
Auto Expense	1,512.	.49
Interest - Operating	4,814.	1.56
Miscellaneous	12,023.	3.90
TOTAL CASH EXPENSES	$ 423,902.	$ 137.40

INCOME SUMMARY

Income is one of the key factors studied when analyzing a farm business. In this table below, two (2) measures of income are summarized.

NET CASH INCOME refers to the difference between Farm Cash Revenue and Cash Expenses. For these farms, Net Cash Income averaged $48,682. per farm or $15.78 on a per hog sold basis.

NET FARM INCOME is the difference between Farm Cash Revenue and Cash Expenses with adjustments made for inventory change, depreciation and interest on capital loans. For these farms, Net Farm Income averaged $22,039. per farm or $7.14 per hog sold.

INCOME SUMMARY

ITEM	PER FARM	PER HOG SOLD
Total Farm Cash Revenue	$ 472,584.	$ 153.18
Total Cash Expenses	423,902.	137.40
NET CASH INCOME	$ 48,682.	$ 15.78
Plus: Inventory Change	$ 7,462.	$ 2.42
Less: Depreciation	22,928.	7.43
Less: Interest on Capital Loans	11,177.	3.62
NET FARM INCOME	$ 22,039.	$ 7.14

AVERAGE COST OF PORK PRODUCTION

The average cost of producing pork was $1.76 per kilogram ($0.80 per lb.) on a dressed weight basis.

Note that this cost figure does not include a value for operator labour or interest on equity. Instead, it is a measure of the cost at the Net Farm Income level. No amounts have been added for what are traditionally called "Opportunity Costs".

AVERAGE COST OF PORK PRODUCTION

ITEM	PER FARM	PER HOG SOLD
Total Farm Expenses	$ 458,007.	$ 148.45
Plus: Inventory Adjustment	-7,462.	-2.42
Less: Other Income	9,667.	3.13
TOTAL COSTS	$ 440,879.	$ 142.90
Total kgs of Pork Produced (L.W.)	321,318	104.15
Ave. Cost of Production (L.W.)	$ 1.37	$ 1.37
Ave. Cost of Production (D.W.)	$ 1.76	$ 1.76

COST ANALYSIS

Purchased feed was the largest single cost item, accounting for 42.4 percent of total costs. Other major expenses were: swine purchases at 35.7 percent, depreciation at 5.0 percent, marketing costs and tripartite premiums at 3.0 percent, and interest on long term debt at 2.4 percent of total costs.

COST ANALYSIS

ITEM	PERCENTAGE OF TOTAL COSTS
Feed Purchased	42.4 %
Swine Purchased	35.7
Hired Labour	1.8
Bedding	.0
Vet & Drugs	.3
Hog Supplies	.4
Marketing Costs, Tripartite Premiums	3.0
Utilities	.9
Taxes	.3
Insurance	.7
Building Repairs	.9
Machinery & Equipment Expense	2.1
Auto Expense	.3
Interest - Operating	1.1
Miscellaneous	2.6
Depreciation	5.0
Interest - Capital Loans	2.4
TOTAL	100.0 %

PRODUCTION ANALYSIS

There was an average of 3,050 market hogs sold per farm in this study. Weanling purchases averaged 3,273 head per farm, with a mortality of 4.36 percent. Market hogs were sold at an average dressed weight of 79 kgs (net of demerits).

The average return per market hog was $146.84. This included both market revenue and tripartite and capital assistance revenue.

PRODUCTION ANALYSIS

ITEM	UNIT	PER FARM
Market Hogs Sold	#	3,050
Other Hogs Sold	#	35
Inventory Change	#	24
Inventory Adjustment	#	20
Purchases	#	3,273
Feeder Hog Mortality	#	144
Feeder Hog Mortality	%	4.36
Total Hogs Sold	#	3,085
Average Wt. per Market Hog (D.W.)	kgs	79
Average Return per Market Hog	$	146.84
Labour Person Equivalents	#	1.33
Feeders Sold/Person Equivalent	#	2,293
Total Sales per Person	$	355,326.

PRODUCTION ANALYSIS

Feed consumption on a per hog basis averaged 43.50 kilograms of starter and 204.66 kilograms of grower, for a total consumption of 248.16 kilograms of feed. This results in a feed conversion of 2.97 kilograms of feed for each kilogram of gain.

PRODUCTION ANALYSIS

ITEM	UNIT	PER HOG
Starter per Hog	kgs	43.50
Cost Starter/Hog	$	12.80
Grower per Hog	kgs	204.66
Cost Grower/Hog	$	45.43
Total Feed per Hog	kgs	248.16
Total Cost Feed/Hog	$	58.23
Ave. L.W. Hog Produced	kgs	83.52
Feed Conversion - Starter & Grower		2.97
Feed Cost/kg L.W. Hog	$	.70
Feed Cost/100 kgs L.W. Hog Produced	$	69.72
Feed Cost/100 kgs D.W. Hog Produced	$	89.39
Starter Cost/Tonne	$	294.27
Grower Cost/Tonne	$	221.97

SUMMARY

The 1990 Nova Scotia Swine Farm Business Summary for Finishing operations provides basic information and statistics on the costs and returns associated with swine Finishing enterprises on Nova Scotia farms. While not based on a statistically sound sample of swine farms, the summary can be used with care to assist in the analysis of the swine finishing enterprise by providing group average data for comparison purposes.

In reviewing the information contained in previous pages, the following points can be noted:

- Average feed consumption per market hog was 248.16 kilograms of feed, for a feed conversion of 2.97.
- Total feed cost per hog was $58.23. This is a decrease of $15.96 from 1989.
- Net farm income averaged $7.14 per hog sold.
- The average cost of production per kg dressed weight was $1.76 per kg ($0.80 /lb.). This is a decrease of $0.25/kg from 1989.

In compiling data for this summary, extreme variation among farms was noted. This variation was observed in most items of receipts, costs and management factors.

Below, we outline a number of the variations observed:

- Net Farm Income had a range of $27.33 per hog sold between the highest and lowest Net Incomes on a per hog sold basis.
- Feed costs per hog sold had a range of $21.35.
- Kilograms of feed per hog raised varied as much as 77.46 kilograms.
- Hogs sold per man equivalent had a range of 2,332 hogs between the highest and lowest per man.

With such wide variation in many of the items of returns, costs and production factors, it is difficult to isolate specific characteristics that result in a profitable sow unit. It would appear, however, that a number of the key factors of production outlined above, such as production per unit, cost control, efficient use of capital and labour, are of significant importance in determining the success of the farm unit.